

CRIMESTOPPERS, INC.
FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
DECEMBER 31, 2013

CRIMESTOPPERS, INC

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Independent Auditors' Report

To the Board of Directors
Crimestoppers, Inc.
Metairie, Louisiana

We have audited the accompanying statement of financial position of Crimestoppers, Inc. (a non-profit corporation) as of December 31, 2013 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crimestoppers, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2014, on our consideration of Crimestoppers, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crimestoppers Inc.'s internal control over financial reporting and compliance.

Griffin & Company, LLC

June 10, 2014

CRIMESTOPPERS, INC

Statement of Financial Position

December 31, 2013

ASSETS

Cash and cash equivalents:		
Restricted for rewards and related cost	\$ 135,265	
Unrestricted	<u>556,213</u>	
Total cash and cash equivalents		\$ 691,478
Certificates of deposit:		
Restricted for rewards and related cost	941,246	
Unrestricted	<u>1,232,026</u>	
Total certificates of deposit		2,173,272
Court fees receivable		28,561
Accrued interest		3,540
Property and equipment, net		<u>18,714</u>
Total assets		<u>\$2,915,565</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 26,277	
Payroll liabilities	6,700	
Deferred revenue	29,500	
Refundable supplemental rewards	110,889	
Other liabilities	<u>8,332</u>	
Total liabilities		\$ 181,698
Net assets:		
Unrestricted	1,595,016	
Temporarily restricted	<u>1,138,851</u>	
Total net assets		<u>2,733,867</u>
Total liabilities and net assets		<u>\$2,915,565</u>

See accompanying notes to the financial statements.

CRIMESTOPPERS, INC

Statement of Activities

For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support & Revenues:			
Contributions	\$ 32,754		\$ 32,754
Special events revenue			
(Less related cost of \$105,356)	250,404		250,404
Court fees	301,975	\$ 5,085	307,060
Grants	24,000		24,000
Net assets released from restrictions	10,953	(10,953)	
Other income	9,412		9,412
Interest income	4,647	3,505	8,152
Supplemental rewards received - not refundable	<u>48,380</u>	<u> </u>	<u>48,380</u>
Total support & revenues	<u>682,525</u>	<u>(2,363)</u>	<u>680,162</u>
Expenses:			
Program services	471,081		471,081
Management and general	<u>167,772</u>		<u>167,772</u>
Total expenses	<u>638,853</u>		<u>638,853</u>
Change in net assets	43,672	(2,363)	41,309
Net assets – beginning of year	<u>1,551,344</u>	<u>1,141,214</u>	<u>2,692,558</u>
Net assets – end of year	<u>\$ 1,595,016</u>	<u>\$1,138,851</u>	<u>\$2,733,867</u>

See accompanying notes to the financial statements.

CRIMESTOPPERS, INC

Statement of Cash Flows

For the Year Ended December 31, 2013

Cash flows from operating activities:		
Change in net assets	\$	41,309
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		4,131
(Increase) decrease in assets:		
Court fee receivable		18
Accrued interest		(758)
Increase (decrease) in liabilities:		
Accounts payable		(1,227)
Payroll liabilities		480
Refundable supplemental rewards		39,500
Deferred revenue		7,050
Other liabilities		<u>8,332</u>
Net cash provided by operating activities	\$	98,835
Cash flows from investing activities:		
Purchase of certificates of deposit		(231,368)
Acquisition of property and equipment		<u>(18,488)</u>
Net cash used in investing activities		<u>(249,856)</u>
Net decrease in cash and cash equivalents		(151,021)
Cash and cash equivalents, beginning of year		<u>842,499</u>
Cash and cash equivalents, end of year	\$	<u>691,478</u>

See accompanying notes to the financial statements.

CRIMESTOPPERS, INC

Notes to Financial Statements

December 31, 2013

1 NATURE OF BUSINESS

The Crimestoppers, Inc. (the Organization) program is a cooperative effort among the police, the media, and the community. Crimestoppers, Inc. is a private, non-profit (501)(c)(3) corporation formed locally in 1982, by small businesses and concerned citizens, to provide a means for the police to get critical information on crime from anonymous sources, and to provide a cash reward incentive for providing the information. The Organization serves an eight (8) parish area, including: Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist and St. Tammany.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Statement Presentation

The Organization has adopted the financial reporting standards requirements as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organization". Accordingly, the net assets of the Organization are classified as both unrestricted and temporarily restricted.

(b) Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

(c) Temporarily Restricted Net Assets

Temporarily restricted net assets are contributions subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Net assets for which the restriction is met in the year received are shown as unrestricted support in the year of receipt.

(d) Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(e) Cash & Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all investments purchased with a maturity of three months or less to be equivalents.

December 31, 2013

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

(f) Economic Dependency

The primary sources of revenue for the Organization are private contributions, court fees and fundraising activities. The continued success of the Organization is dependent upon the continued receipt of private contributions, court fees and monies from fundraising activities.

(g) Revenue Recognition & Receivables

The Organization recognizes all contributed support as income in the period received. The Organization recognizes all grants and court fees as revenue when earned. Contributed support is reported as unrestricted or temporarily restricted depending on the existence of donors' stipulations that limit the use of the support. Due to the nature of the grant and court fee receivables, there was no allowance for uncollectible amounts recorded at December 31, 2013.

(h) Property & Equipment

Property and equipment are recorded at cost (or fair market value for donated assets) and depreciated using the straight-line method over the estimated useful lives of the related assets.

(i) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Fair Values of Financial Institutions

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statement of financial position. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

(k) Advertising & Marketing Costs

Advertising & marketing costs are expensed as incurred. Advertising and marketing expense for the year totaled \$210,004.

CRIMESTOPPERS, INC

Notes to Financial Statements

December 31, 2013

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

(l) Concentrations

The Organization occasionally maintains cash and cash equivalents on deposit at financial institutions in excess of the federally insured limits. Accordingly, at times the deposits are uninsured and uncollateralized. The Organization has not experienced any losses in such accounts and believes its cash is not exposed to any significant credit risk.

3 PROPERTY & EQUIPMENT

Property & equipment is summarized as follows:

Furniture, fixtures and equipment	\$ 49,095
Less accumulated depreciation	<u>30,381</u>
	<u>\$ 18,714</u>

Depreciation and amortization expense amounted to \$4,131 in 2013.

4 NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets represents donations made to the reward funds of individual unsolved cases and court fees. The donations are restricted for a period of two years and are released when the reward is paid or the time restriction lapses. The net assets released from restrictions is for 2011 donations made to the reward funds that expired in 2013 and totals \$10,953. The court fees are released when these funds are expended for their restricted purpose (rewards, marketing, and other direct program cost).

During 2013, the Organization receives \$307,060 in court fees. Restrictions were met for \$301,975 of these funds during 2013.

**5 REFUNDABLE SUPPLEMENTAL REWARDS – (\$110,889 LIABILITY);
SUPPLEMENTAL REWARDS RECEIVED – NOT REFUNDABLE (\$48,380 –
INCREASE IN NET ASSETS – UNRESTRICTED**

Refundable Supplemental Rewards consist of amounts of \$1,000 and greater, are subject to contract, and are refundable prior to expiration of contract upon request. Supplemental rewards received and not refundable are amounts less than \$1,000 or with no contract and are credited to increase in net assets unrestricted.

CRIMESTOPPERS, INC

Notes to Financial Statements

December 31, 2013

(Continued)

**5 REFUNDABLE SUPPLEMENTAL REWARDS – (\$110,889 LIABILITY);
SUPPLEMENTAL REWARDS RECEIVED – NOT REFUNDABLE (\$48,380 –
INCREASE IN NET ASSETS – UNRESTRICTED - Continued**

After the expiration of the contract and no request for refund has been made, the amount will be transferred from refundable supplemental reward (liability) to supplemental reward received not refundable (increase in net asset – unrestricted).

Regarding supplemental rewards refundable prior to expiration date upon request by the donor, Crimestoppers retains twenty percent (20 %) and refunds eighty percent (80 %) to donor.

6 INCOME TAXES

The Organization is a tax exempt corporation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for federal and state income taxes have been recorded in the accompanying financial statements.

7 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. At certain times, portions of the deposits are uninsured and uncollateralized. The Organization has not experienced any losses in such accounts and believes its cash is not exposed to any significant credit risk.

8 IN-KIND DONATIONS

The Jefferson Parish Sheriff's office provides office space, meeting space, utilities, and telephone at no cost to the Organization. The value of these benefits has not been recorded in the financial statements since the related amounts have not been determined.

9 COURT FEES

Pursuant to Act 50 House Bill No. 33, when a criminal defendant of any criminal offense or any traffic offense in any court, and a Crimestoppers Organization exist within the territorial jurisdiction of the court, the court shall assess a \$2.00 fee for each offense for which the defendant is convicted, and shall be in addition to all other fines, penalties, and fees imposed by the court. The court shall not suspend the payment of this fee. The fees collected will be transferred to the Organization at least annually.

For the year ended December 31, 2013, the Organization earned \$307,060 from Act 50 House Bill No. 33.

CRIMESTOPPERS, INC

Notes to Financial Statements

December 31, 2013
(Continued)

10 PENSION PLAN

Starting January 1, 2013 the Organization started a 401(k) plan that covers the Executive Director and one other employee. The plan provides for a matching contribution equal to 4% of gross payroll up to certain limits as prescribed by the Internal Revenue Code. Contributions to the plan for the year ended December 31, 2013 were \$12,054.

11 SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 10, 2014. On January 20, 2014, the Organization entered into a lease of an automobile. A down payment of \$3,414 was due at signing and requires 36 monthly lease payments of \$418.

CRIMESTOPPERS, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>TIP HOTLINE</u>	<u>RESTRICTED SAFE SCHOOL</u>	<u>YOUTH CRIME PREVENTION INITIATIVE</u>	<u>COMMUNITY OUTREACH</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Rewards	\$ 66,800	\$ 4,300			\$ 71,100	\$ -	\$ 71,100
Salaries		21,374	48,255	72,382	142,011	98,703	240,714
Payroll Taxes & Employee Benefits		1,999	7,374	11,061	20,434	15,083	35,517
Advertising & Marketing	194,208	1,534			195,742	14,262	210,004
Depreciation						4,131	4,131
Insurance	3,564	250			3,814	802	4,616
Miscellaneous	6,113				6,113	4,773	10,886
Office Supplies	468				468	3,563	4,031
Postage						982	982
Meetings	1,385				1,385		1,385
Telephone	3,021				3,021		3,021
Computer Expenses	4,464				4,464	406	4,870
Travel		577			577	6,708	7,285
Bank Charges	47				47	2,963	3,010
Professional Fees	4,000				4,000	2,250	6,250
Storage	1,948				1,948	3,578	5,526
Membership	600				600	465	1,065
Payroll Processing						2,304	2,304
Answering Service	14,073				14,073		14,073
Printing	335				335		335
Supplies						2,522	2,522
Training						760	760
Legal Fees	619				619	450	1,069
Post Box Rental	330				330		330
Board Retreat						3,067	3,067
	<u>\$ 301,975</u>	<u>\$ 30,034</u>	<u>\$ 55,629</u>	<u>\$ 83,443</u>	<u>\$ 471,081</u>	<u>\$ 167,772</u>	<u>\$ 638,853</u>

See accompanying notes to the financial statements.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

**To the Board of Directors
Crimestoppers, Inc.
Metairie, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Crimestoppers, Inc. (a non-profit corporation), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crimestoppers Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crimestoppers Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crimestoppers Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Griffin & Company, LLC

June 10, 2014

CRIMESTOPPERS, INC.

Schedule of Findings & Questioned Costs

Year Ended December 31, 2013

Section I – Summary of Auditors’ Results

Financial Statements:

- a. Type of auditors’ report issued - unqualified
- b. Internal Control Over Financial Reporting
 - Material weaknesses identified – None
 - Significant deficiencies identified that are not considered material weaknesses – None
- c. Non-Compliance Material to Financial Statements - None

Federal Awards

Not applicable.

Section II – Financial Statement Findings

No matters reported.

Section III – Federal Award Findings and Questioned Costs

Not applicable.